

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 EA-10 NEA-09 IO-10 ISO-00 AGR-10

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 FEAE-00 OMB-01 OES-05 OIC-02 XMB-04 SAM-01

OPIC-06 /158 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC 606

INFO AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSKINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY NAIROBI

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

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E.O. 11652: NA

TAGS: UNCTAD, EGEN, ETRD, SG

SUBJECT: UNCTAD: FIRST SESSION COMMITTEE ON COMMODITIES

REF: DAKAR 857, 851, 804, 817, 832

1. SUMMARY: FIRST SESSION DISPOSED RAPIDLY OF ORGANIZATIONAL QUESTIONS, ELECTED I.S. CHADHA OF INDIA AS CHAIRMAN, AND HEARD INTRODUCTION OF DEBATE BY UNCTAD SYG COREA FOLLOWED BY ALGERIAN COMMERCE MINISTER YAKER. COREA REPEATED RELATIVELY MODERATE LINE TAKEN IN DAKAR, EMPHASIZED SECRETARIAT PROPOSALS FOR INTEGRATED PROGRAM AS FIRST STEPS ONLY, NEEDING MORE STURDY AND NEGOTIATIONS AND ASKING ONLY FOR BROAD ENDORSEMENT OF ITS GENERAL THRUST. MINISTER YAKER, IN MONOTONE SPEECH, REPEATED COMPLETE PANOPLY OF ALGERIAN POSITIONS AT DAKAR AS REPORTED IN REFTELS. END SUMMARY.

2. FIRST PLENARY SESSIONS OF UNCTAD COMMITTEE ON COMMODITIES COMPLETED ORGANIZATIONAL MATTERS, ELECTED I.S. CHADHA OF INDIA AS CHAIRMAN, JOHN BROADLEY (UK) AS RAPPORTEUR, THREE VICE-CHAIRMEN FROM GP 77 (KHODI, S. ARABIA; ITTURALDE, BOLIVIA; AND OKOLO, NIGERIA). JACQUES CUTTAT, SWITZERLAND, ELECTED B GROUP VICE-CHAIRMAN AND COORDINATOR. KONSTANTIN SEMENOV, USSR ELECTED D GROUP VICE-CHAIRMAN. AMBASSADOR CLARK OF NIGERIA IS SPOKESMAN FOR GP77.

3. CHADHA, IN SHORT SPEECH ON ACCEPTING CHAIRMANSHIP, NOTED COMMITTEE HAD LITTLE TO SHOW FROM PREVIOUS ACTIVITIES, REFERRED TO PRESENT CONSIDERATIONS AS STEMMING FROM UNGA SIXTH SPECIAL SESSION DEBATES AND PROGRAM OF ACTION AND DECLARATION ON THE NEW INTERNATIONAL ECONOMIC ORDER. WHILE REFERRING TO DAKAR AS HAVING REACHED "FAR-REACHING DECISIONS", HE CONTINUED TO PRAISE THE UNCTAD SECRETARIAT'S CONTRIBUTION AS CONTAINING "VALUABLE SUGGESTIONS" WHEN IT RECOMMENDS AN OVERALL INTEGRATED PROGRAM AND IN MANY OTHER AREAS SUCH AS INDEXATION, MARKETING AND DISTRIBUTION. HE EXPRESSED THE HOPE FOR A CONSENSUS ON "CONCRETE
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ACTIONS TO BE TAKEN BY GOVERNMENTS" NOT MERELY FOR MORE SECRETARIAT STUDIES.

4. IN AFTERNOON SESSION, SECRETARY GENERAL COREA, REPEATING MUCH OF WHAT HE SAID IN DAKAR, NOTED THIS NOT JUST ANOTHER ROUTINE SESSION OF THE COMMITTEE, BUT A WATERSHED FOR DECISION. HE BRIEFLY REVIEWED THE WORLD COMMODITY SITUATION, NOTING THAT 60 PERCENT LDC'S EXPORT EARNINGS DERIVE FROM PRIMARY COMMODITIES (EXCLUDING OIL); THAT AID WAS PRESENTLY OF DECLINING

IMPORTANCE WITH MAJOR DONORS BECOMING INCREASINGLY DISILLUSIONED; AND, THEREFORE, TRADE MUST BE THE ANSWER TO THE PROBLEM OF THE TRANSFER OF RESOURCES. HE CONTINUED THAT ALL KINDS OF TRADE, NOT JUST COMMODITIES, NEED RESTRUCTURING TO OVERCOME THE VESTIGES OF THE PAST "ECONOMIC ORDER". THIS SHOULD BE BOTH IN THE DC'S INTEREST AS WELL AS THAT OF THE LDC'S SINCE THE NEW STRUCTURE WOULD CONTRIBUTE TO THE EXPORT EARNINGS OF THE DEVELOPED COUNTRIES.

5. COREA NOTED THE COMMODITIES BOOM WAS OVER, PRICES WERE DOWN 50 PERCENT FROM THE PEAK AND BACK TO PRE-1972 LEVELS. HE QUOTED OECD FIGURES PREDICTING CONTINUED DECLINES IN PRICES OF LDC COMMODITIES WHILE FOOD PRICES REMAINED HIGH. THE ONLY RESPONSE TO DATE HAS BEEN EMERGENCY RELIEF, NOT A LONG-TERM SOLUTION. LDC EARNINGS MUST BE "UNDERPINNED" BY A GLOBAL POLICY AS PART OF EFFORTS TO SOLVE THE THREAT OF WORLD-WIDE RECESSION BY PROTECTING LDC INCOME. PEICE-MEAL, PRODUCT-BY-PRODUCT APPROACHES HAD PROVED TOO NARROW, THAT THERE IS NOW A NEED FOR A "DIFFERENTIATED" APPROACH WITHIN A COMMON FRAMEWORK WITH A NEW INSTITUTIONAL MECHANISM OF GENERAL APPLICABILITY. THE NEW APPROACH MUST DEAL WITH A RANGE OF COMMODITIES AT ONCE TO SHOW DC AND LDC TRADING PARTNERS AND RELATIVE ADVANTAGE TO EACH SINCE LDC'S ARE NOT JUST EXPORTERS BUT IMPORTERS AS WELL.

6. AFTER BRIEFLY REVIEWING THE FIVE BASIC ELEMENTS OF THE UNCTAD INTEGRATED COMMODITY APPROACH, HE STATED IT WAS NOT A SWEEPING FORMULA TO SOLVE ALL
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PROBLEMS, BUT RATHER A BASIS FOR FUTURE ACTION. IT DID NOT VISUALIZE DESTRUCTION OF MARKET FORCES, BUT MERELY PALLIATING LIMITS WITHIN WHICH IT CAN OPERATE. THE SECRETARIAT'S PROPOSAL WAS NOT RIGID AND WAS NOT DESIGNED TO BE LAUNCHED ALL AT ONCE. IN REFERRING TO THE BUFFER STOCKS AND COMMON FUNDING SCHEMES, IT NOTED THAT WHILE IT WAS COMPLEX, IT SHOULD NOT BE CONSIDERED TOO COMPLEX SINCE SUCH OPERATIONS WERE NOT NEW TO MULTI-NATIONAL CORPORATIONS AND SOME GOVTS.

7. THE DAKAR CONFERENCE, COREA COMMENTED, SHOWED THE LDC INTEREST IN THE PROPOSALS. DEVELOPED COUNTRIES SHOULD ALSO BE INTERESTED IN FOLLOWING UP THE UNCTAD PROPOSALS BY FURTHER STUDY AND NEGOTIATIONS. COREA ASKED THE COMMITTEE TO GIVE A BROAD ENDORSEMENT OF THE GENERAL THRUST OF ITS PROPOSALS AND TO PROCEED WITH AN AWARENESS OF THE URGENCY REQUIRED. HE CHARACTERIZED THE COMMITTEE'S CONSIDERATION AS

THE FIRST STEP CULMINATING IN THE 7TH SPECIAL SESSION OF THE GENERAL ASSEMBLY AND IN THE UNGA'S MID-TERM REVIEW OF THE SECOND DEVELOPMENT DECADE. DURING THE ENTIRE SPEECH, SYG COREA MADE ONLY ONE VERY SHORT MENTION OF THE INDEXATION ISSUE, NOTING THAT THE UNCTAD SECRETARIAT WAS CONDUCTING FURTHER STUDIES IN RESPONSE TO THE UNGA RESOLUTION.

8. LAYASI YAKER, ALGERIAN MINISTER OF COMMERCE, FOLLOWED THE SECRETARY GENERAL, SPEAKING OVER ONE HOUR IN A RAMBLING, REPETITIVE SPEECH WHICH ADDED NOTHING NEW TO THE STATEMENTS MADE IN DAKAR AS REPORTED IN REFTELS. HE MADE ONLY ONE VERY BRIEF MENTION OF THE PHILIPPINE PROPOSAL FOR FUNDING BY OPEC OF BUFFER STOCK, NOTING THAT EOPEC HAD CONTRIBUTED 10 BILLION DOLS TO DEVELOPING COUNTRIES IN THE LAST YEAR, AND THAT ALGERIA WAS NOT AMONG THE INCOME SURPLUS COUNTRIES, DEVOTING ALL ITS INCOME TO ITS OWN DEVELOPMENT.

9. DAKAR PLAN OF ACTION, RESOLUTIONS, ETC. AS AVAILABLE IN GENEVA APPROACHED EB/ORF/ICD JAN 11.
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